

EU energy security policy

The case of natural gas

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1. Europe's gas security crisis

Europe's gas security crisis

- Three dimensions
 - Crisis in EU-Russia relations – deepened by enlargement
 - Crisis in Russia-Ukraine relations – deepened by 'Orange revolution'
 - Gas supply security crisis *per se* (January 2006; January 2009)
- One cause
 - Collapse of the Soviet Union and reunification of Europe
 - EU vision of a 'creeping integration' of Russia rejected by Moscow
 - Russian counter-vision of leveraging its gas exports to reclaim its 'zone of special interests' in Eastern Europe

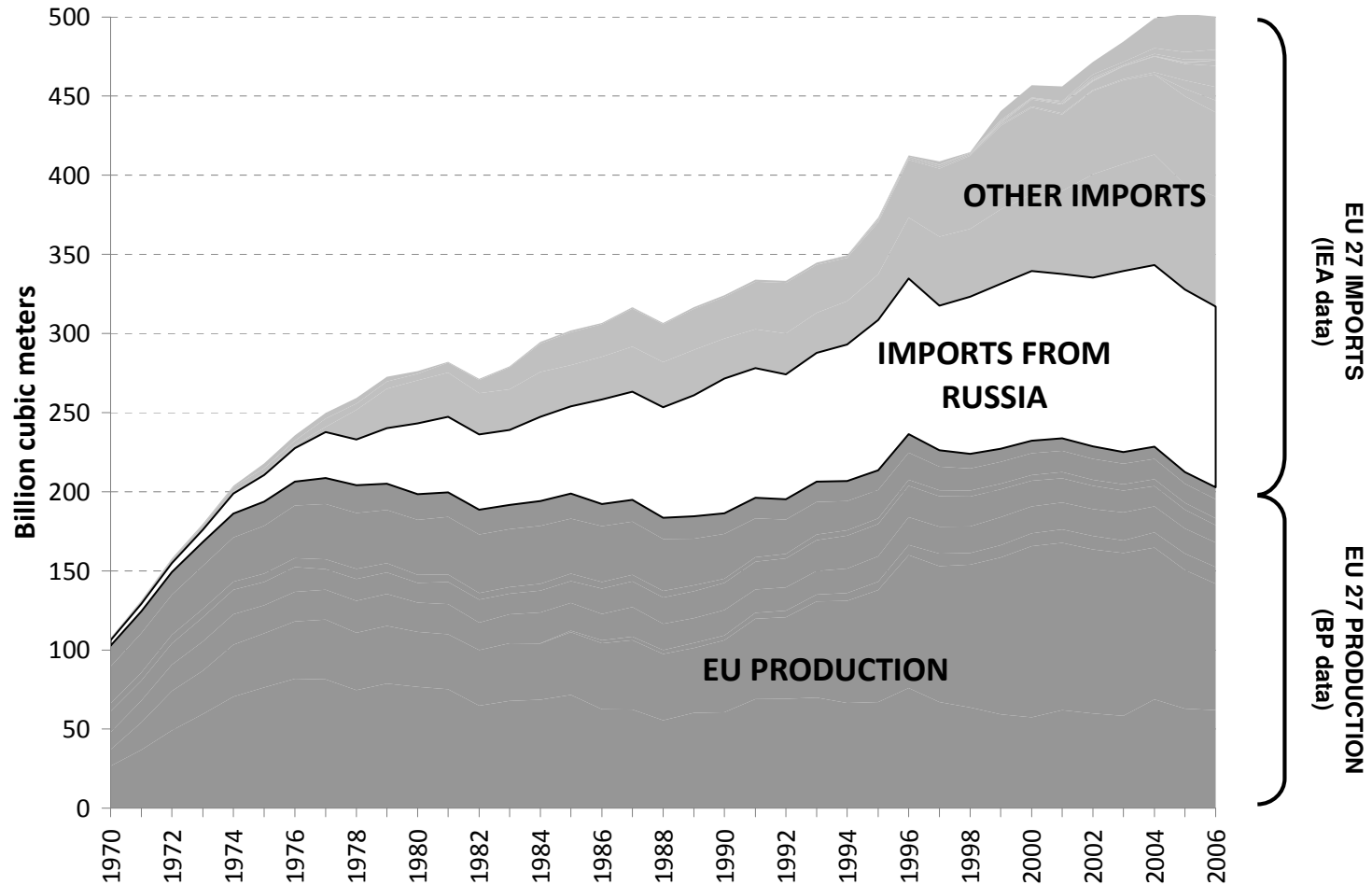
2. The mainstream view

The mainstream view

- The goal: diversification
 - Europe must diversify gas supply suppliers and routes
 - Access non-Russian gas in a world of growing competition for resources
- The means: external action
 - EU energy policy has been too focused on market issues (liberalisation, regulation and competition) and neglected security of supply
 - Energy security can be Europe's foreign policy unifying purpose – The next 'big thing' for the EU
- The flagship projects
 - Nabucco and the 'Southern corridor'
 - Trans-Saharan gas pipeline
- Alternative ('pro-Russian') view
 - Bypass Ukraine
 - Deepen the 'interdependence' with Russia

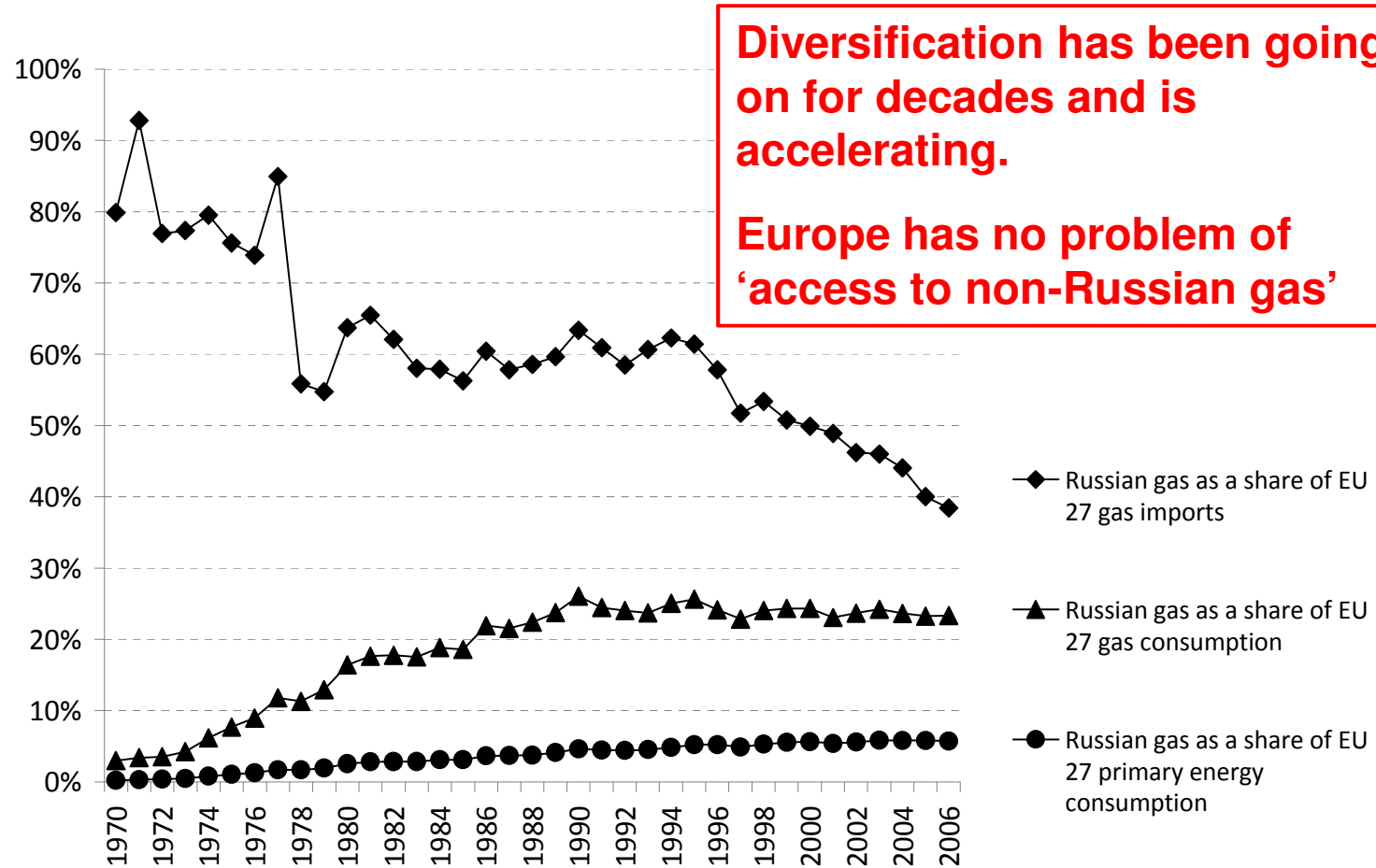
3. Challenging the mainstream view

Russian gas is important...



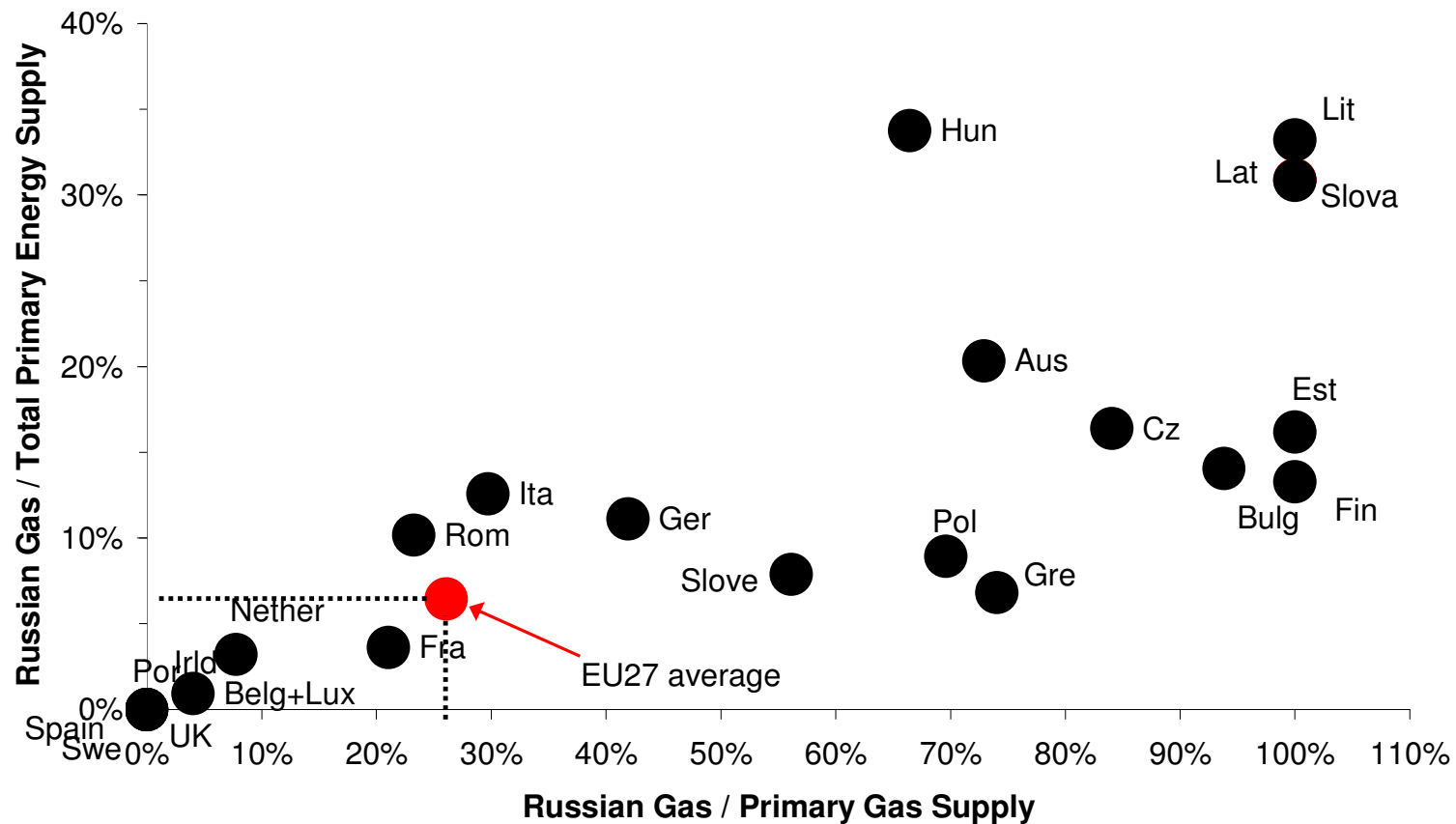
Sources: International Energy Agency; BP Statistical Review of World Energy

But dependence is *declining*



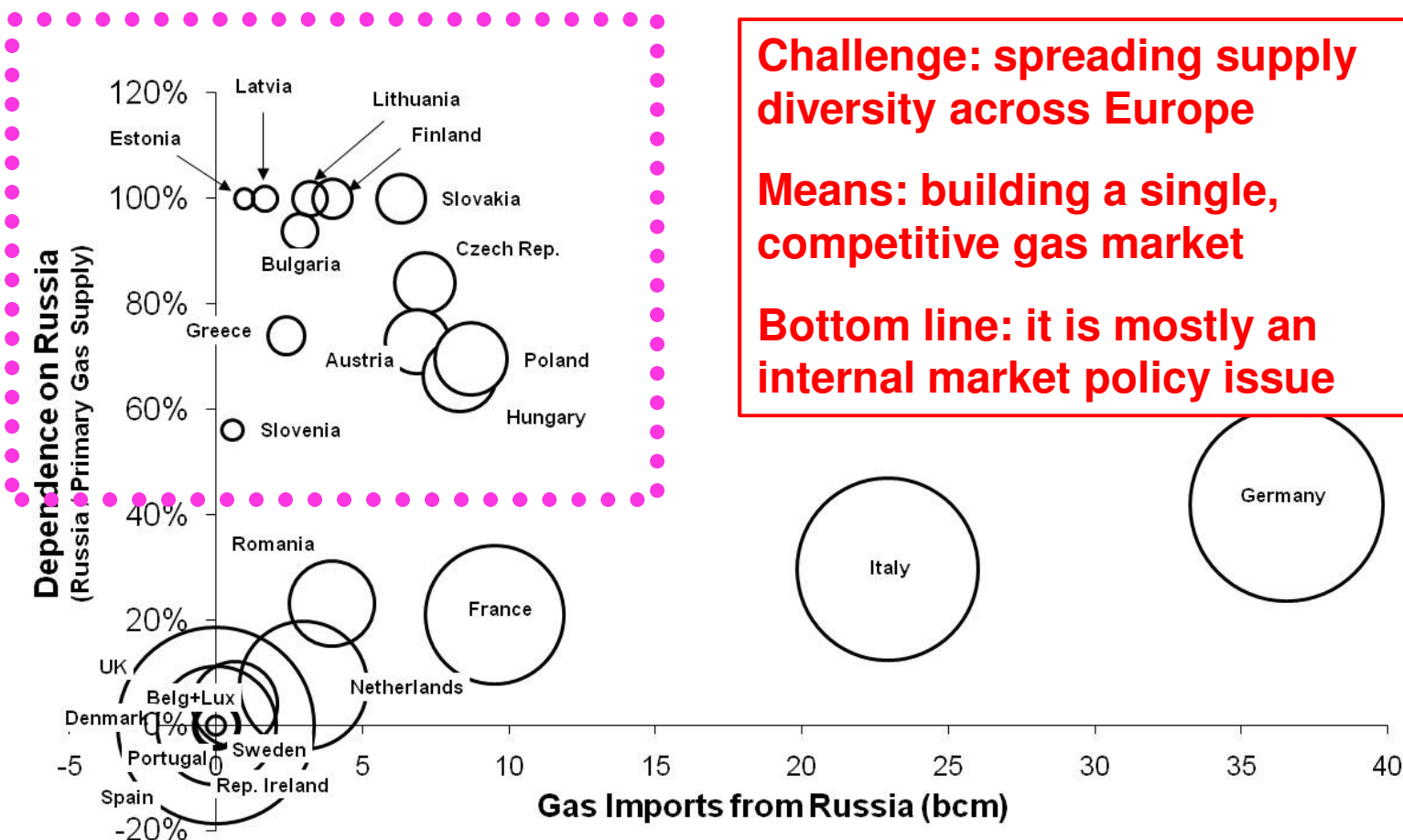
Source: BP Statistical Review of World Energy; International Energy Agency

Large differences among member states



Source: National statistics; BP Statistical Review of World Energy 2009

Small, highly dependent gas markets



Data source: BP Statistical Review; Eurostat; National Statistics -- 2008 data

4. What role for law?

What role for law?

- First, enforce EU competition law to let the market emerge
 - Real progress in western Europe over the last few years
 - Serious challenges in central and eastern Europe
- International law
 - ‘Binding Russia’ through demanding treaties is a non-starter – they feel they have nothing to gain from accepting treaty disciplines
 - ECT was doomed to failure (with Russia); so would be an ‘ECT-light’ PCA
- Contracts with Russia – ‘If it ain’t broken...’
 - Back-bone of EU-Russia gas relationship
 - Russia feels bound by them and takes them very seriously
 - Those contracts will evolve, possibly profoundly, because of market dynamics (increased competition against Russian gas)
 - If the European gas market works, bilateral import contracts are not politically divisive